Title : Need to amend Income Tax Act, 1961 to allow adjustment of capital gains raising from the disposal of the assets of the Public Enterprises particularly in Andhra Pradesh-Laid.

SHRI K. YERRANNAIDU (SRIKAKULAM): The Government of Andhra Pradesh have floated a number of companies under the Companies Act 1956 as well as Cooperative Societies to promote industrial growth and also to take care of certain developmental activities. A large number of these companies/societies have become sick and have become unviable. Government of Andhra Pradesh has taken up comprehensive economic restructuring to arrest the drain on State exchequer.

The State Level Public Enterprises are required to dispose of their assets in order to meet their liabilities. While disposing of the assets, sale of some assets mainly land may result in capital gain. The capital gain on disposal of these assets is less than the accumulated losses.

The Companies are carrying forward large accumulated losses and huge liabilities. They also have to incur heavy expenditure towards VRS to the employees. In view of these factors and similar situation that would arise in respect of Central Public Sector Enterprises as well as enterprises of other State Governments, I request the Government of India that the Income Tax Act, 1961 may please be amended to allow adjustment of capital gains arising from the disposal of the assets of the Public Enterprises, under restructuring privatization/winding up against carry forward accumulated losses.